

Charleston Housing Authority plans to demolish low-income apartments then build even more

BY DAVID SLADE DSLADE@POSTANDCOURIER.COM
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The Charleston Housing Authority plans to demolish this 12-apartment low-income housing complex at 275 Huger St. and replace it with an 85-unit building with apartments for various income levels. Brad Nettles/Staff

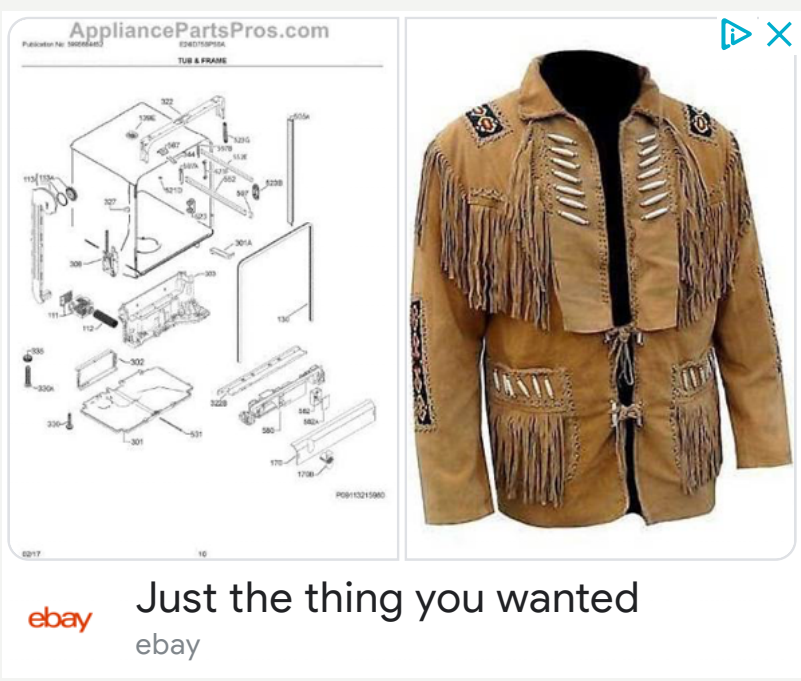
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The Charleston Housing Authority plans to demolish a 12-apartment complex for low-income tenants on the peninsula and build 85 apartments in its place, creating more affordable housing with no upfront cost to the authority.

The public-private partnership that's envisioned is financially complex and would be a test case the authority hopes to replicate. If all goes as intended, the authority gets a new, larger apartment complex in the end.

The test case will be 275 Huger St., where a row of two-story brick buildings offer a dozen apartments for tenants with very low incomes.





NEWS

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BY DAVID SLADE DSLADE@POSTANDCOURIER.COM


"We'll demolish 12 to build 85, and 12 of them will be for the same economic class of people," Don Cameron, the authority's executive director, said. "If those 12 families, once this thing is built, want to move into that new building they will have the right to do that."

The plan relies upon partnering with a developer that — unlike the governmental authority — could benefit from federal tax credits. At the same time, the authority or its nonprofit arm would be the general partner, exempting the apartment complex from property taxes.

The Charleston Housing Authority's board voted unanimously March 29 to draft an agreement with Palmetto Redevelopment Partners, a group that includes Mungo Construction and Nix Development Co.

Mungo is already doing affordable housing in Charleston area, at Esau Jenkins Village on Johns Island.

Cameron said the partnership should be able to use tax credits to cover about \$10 million of the anticipated \$23.2 million project cost. The rest would be financed and paid down as rents are collected in years to come.



REAL ESTATE

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BY DAVID SLADE DSLADE@POSTANDCOURIER.COM

Of the 85 apartments planned, 22 would be rented at market rates, improving the cash flow from the site while making it a home for people with various levels of income — mostly low or very-low incomes, but not all.

"We need the housing," said Charleston City Councilman Robert Mitchell, who lives near the apartment complex and once lived there decades ago.

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A conceptual rendering of an 85-apartment complex that could replace the Charleston Housing Authority's 12-unit complex at 275 Huger St., designed by Bello Garris Architects for Palmetto Redevelopment Partners. Provided

BY DAVID SLADE DSLADE@POSTANDCOURIER.COM

"It's a new concept but there will be more housing, and it will be new housing," he said. "We're not pushing anyone out and some people may be able to come back to the peninsula."


The Charleston Housing Authority would own the land and lease it to the development group, while also having an ownership interest and a role as general partner. Years later, when the value of the tax credits has been exhausted, the authority expects to own the buildings as well as the land.

Details of the development agreement are still being worked out.

The authority didn't think up the complex financial arrangement. It's part of a concept the federal Department of Housing and Urban Development developed, and Congress approved, in 2012 called the **Rental Assistance Demonstration program**.

"It's a complex program," said Ward Mungo, president of Mungo Construction.

He said one attraction for a company such as his is the certainty of a developer fee, as opposed to building homes and selling them on the open market.



REAL ESTATE

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BY DAVID SLADE DSLADE@POSTANDCOURIER.COM

The idea behind the RAD program is to use partnerships and tax credits to modernize public housing and potentially create more public housing.

"If we did not have those opportunities, I don't know who would be investing in affordable housing," Cameron said.

He said the 275 Huger St. apartments won't be demolished until early 2023. Tenants who are displaced during construction of the new building will be able to relocate to other public housing or Section 8 housing, and can return to the new building when it's finished.

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